

FILE COPY



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 608
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

September 15, 2004

Ms. Denise Burns, Executive Director
Good Samaritan Center
2108 Russell Ave.
St. Louis, MO 63104

RE: Fiscal Monitoring Report of Good Samaritan Center, Federal Emergency
Shelter and Supportive Housing Program Grants (FESG & SHP) (#2005-
HOM1)

Dear Ms. Burns:

Enclosed is a report of our fiscal monitoring review of the Good Samaritan Center (Documents #48406 and #47115) for the period January 1, 2004 through June 30, 2004 and July 1, 2003 through June 30, 2004 respectively. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Good Samaritan Center. Our fieldwork was substantially completed on August 4, 2004.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Department of Human Services (DHS) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact me at 613-7257.

Sincerely,

A handwritten signature in cursive script that reads "Dwayne Crandall".

Dwayne Crandall, MHA, CIA, CPA
Internal Audit Supervisor

Cc: Honorable Darlene Green, Comptroller
Patrick Brennan, Fiscal Manager, Department of Human Services

Enclosure



CITY OF ST. LOUIS

*DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES PROGRAM*

*GOOD SAMARITAN CENTER
FEDERAL EMERGENCY SHELTER GRANT (FESG)
SUPPORTIVE HOUSING PROGRAMS (SHP)
DOCUMENTS #48406 AND #47115*

FISCAL MONITORING REVIEW

*JANUARY 1, 2004 THROUGH JUNE 30, 2004 AND
JULY 1, 2003 THROUGH JUNE 30, 2004*

PROJECT #2005-HOM1

DATE ISSUED: SEPTEMBER 15, 2004

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
GOOD SAMARITAN CENTER
DOCUMENTS #48406 and #47115
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH JUNE 30, 2004
JULY 1, 2003 THROUGH JUNE 30, 2004**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
CONCLUSION AND SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	3

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
GOOD SAMARITAN CENTER
DOCUMENTS #48406 and #47115
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH JUNE 30, 2004
JULY 1, 2003 THROUGH JUNE 30, 2004**

INTRODUCTION

Background

Contract Name: Good Samaritan Center

Document Numbers: #48406 and #47115

Contract Periods: January 1, 2004 through December 31, 2004
July 1, 2003 through June 30, 2005

Contract Amounts: \$31,100 and \$391,622

These contracts provided funds from the Department of Housing and Urban Development (HUD), Supportive Housing Program (SHP) and Federal Emergency Shelter Grant (FESG) to Good Samaritan Center to provide transitional housing and nighttime or daytime shelter for homeless individuals.

Purpose

The purpose of this fiscal monitoring review was to determine Good Samaritan Center's (Documents #48406 and #47115) compliance with federal, state and local Department of Human Services (DHS) requirements for the period January 1, 2004 through June 30, 2004 and July 1, 2003 through June 30, 2004 respectively, and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Good Samaritan Center's internal controls relating to the grant administered by the Department of Human Services (DHS), tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was substantially completed on August 4, 2004. Management's responses were received on September 15, 2004 and have been incorporated into this report.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
GOOD SAMARITAN CENTER
DOCUMENTS #48406 and #47115
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH JUNE 30, 2004
JULY 1, 2003 THROUGH JUNE 30, 2004**

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

Good Samaritan Center did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report of the 2003 FESG program dated January 5, 2004 identified the following observation:

- The Agency did not have sufficient fidelity bonding. **(Repeated. See Current Observation.)**

A-133 Status

The Agency had expended over \$300,000 for the year ending December 31, 2003. The report, dated June 17, 2004, issued an unqualified opinion on the financial statements. There were no reportable conditions, findings, or questioned costs on the financial statements or the federal awards. IAS reviewed the report and noted the Schedule of Findings and Questioned Costs did not state whether the Agency qualified as a low-risk auditee. IAS requested DHS to follow up with the Agency and obtain an amended report from the auditors correcting this omission.

Summary of Current Observation

We made a recommendation for the following observation, which if implemented, could assist Good Samaritan Center in fully complying with federal, state, and local DHS requirements.

- The Agency did not have sufficient fidelity bonding.

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
GOOD SAMARITAN CENTER
DOCUMENTS #48406 and #47115
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH JUNE 30, 2004
JULY 1, 2003 THROUGH JUNE 30, 2004**

**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

The Agency did not have Sufficient Fidelity Bonding

The Department of Human Services policy guidelines require the Agency to have fidelity bonding for all employees with fiscal responsibilities that is equal to the grant amount. The Agency has a SHP contract for a maximum compensation of \$391,622.00 or \$195,811.00 per year. The Agency's bonding policy only covers up to \$10,000.00 for employee dishonesty or forgery and alteration. The policy also only covers employee theft up to \$7,500.00. This policy should have coverage equal to the contract amount or enough to cover the amount per year. Failure to maintain adequate and current fidelity bonding increases financial risk to the Agency and potential loss of federal funds and future reimbursements.

Recommendation

We recommend the Agency obtain adequate fidelity bonding coverage.

Management's Response

I have requested a policy change through [our] insurance company, increasing our Employee Dishonesty Bond to \$200,000. This is being done so that we are in compliance with our contract.